

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

HOUSE ENROLLED ACT No. 1006

AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 20-27-9-5, AS ADDED BY P.L.1-2005, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) A special purpose bus may be used:

- (1) by a school corporation to provide regular transportation of a student between one (1) school and another school but not between the student's residence and the school;
- (2) to transport students and their supervisors, including coaches, managers, and sponsors to athletic or other extracurricular school activities and field trips; ~~and~~
- (3) by a school corporation to provide transportation between an individual's residence and the school for an individual enrolled in a special program for the habilitation or rehabilitation of developmentally disabled or physically disabled persons; **and**
- (4) to transport homeless students under IC 20-27-12.**

(b) The mileage limitation of section 3 of this chapter does not apply to special purpose buses.

(c) The operator of a special purpose bus must be at least twenty-one (21) years of age, be authorized by the school corporation, and meet the following requirements:

- (1) If the special purpose bus has a capacity of less than sixteen (16) passengers, the operator must hold a valid operator's, chauffeur's, or public passenger chauffeur's license.

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(2) If the special purpose bus has a capacity of more than fifteen (15) passengers, the operator must meet the requirements for a school bus driver set out in IC 20-27-8.

(d) A special purpose bus is not required to be constructed, equipped, or painted as specified for school buses under this article or by the rules of the committee.

(e) An owner or operator of a special purpose bus, other than a special purpose bus owned or operated by a school corporation or a nonpublic school, is subject to IC 8-2.1.

SECTION 2. IC 20-27-12 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 12. Transportation of Homeless Students

Sec. 1. As used in this chapter, "original school corporation" refers to a school corporation in which a homeless student's school of origin is located.

Sec. 2. As used in this chapter, "school of origin" means the school:

- (1) that a homeless student attended when the student last had a permanent residence; or**
- (2) in which the homeless student was last enrolled.**

Sec. 3. As used in this chapter, "transitional school corporation" refers to a school corporation in which a homeless student temporarily stays.

Sec. 4. (a) If a homeless student temporarily stays in the homeless student's original school corporation but outside the attendance area for the school of origin, the original school corporation shall provide transportation for the homeless student from the place where the homeless student is temporarily staying to the school of origin.

(b) If:

- (1) a homeless student's school of origin is located in a school corporation in which the homeless student does not temporarily stay; and**
- (2) the homeless student does not elect to attend a school located in the school corporation in which the homeless student is temporarily staying;**

the original school corporation and the transitional school corporation shall enter into an agreement concerning the responsibility for and apportionment of the costs of transporting the homeless student to the school of origin.

(c) If the original school corporation and the transitional school

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corporation are unable to reach an agreement under subsection (b), the responsibility for transporting the homeless student to the school of origin is shared equally between both school corporations, and the cost of transporting the homeless student to the school of origin is apportioned equally between both school corporations.

Sec. 5. (a) A school corporation may use the following types of vehicles in transporting a homeless student to a school of origin:

- (1) If at least four (4) homeless students are being transported to schools in the same school corporation, a special purpose bus must be used to transport the students.
- (2) If three (3) or fewer students are being transported to schools in the same school corporation, an appropriate vehicle owned by the school corporation may be used to transport the students.

(b) The driver of a vehicle used to transport homeless students to a school of origin under subsection (a) must meet the qualifications set forth in IC 20-27-9-5(c).

SECTION 3. IC 21-10 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]:

ARTICLE 10. ALLOCATION OF EXPENDITURES TO STUDENT INSTRUCTION AND LEARNING

Chapter 1. Purposes and General Provisions

Sec. 1. This article has the following purposes:

- (1) To maximize the allocation and use of taxpayer provided resources by school corporations and schools for student instruction and learning.
- (2) To confirm the authority of school corporations to use a variety of methods to reduce the costs of acquisition of products and services.
- (3) To instruct the state board to oversee the consideration of statewide means to acquire products and services.
- (4) To provide a means for school corporations to access technical assistance and other support in the consideration of means to increase the allocation of resources to student instruction and learning.
- (5) To recognize school corporations that achieve effective allocation of resources to student instruction and learning.

Sec. 2. This article is supplemental to and does not abrogate the powers given to school corporations under the home rule provisions of IC 20-26-3, and those powers remain in full effect.

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Sec. 3. The definitions in IC 20 apply to this article.

Chapter 2. Authority to Allocate Expenditures to Student Instruction and Learning

Sec. 1. A school corporation individually, in collaboration with other school corporations, and through the educational services centers may undertake action to reduce noninstructional expenditures and allocate the resulting savings to student instruction and learning. Actions taken under this section include the following:

(1) Pooling of resources with other school corporations for liability insurance, property and casualty insurance, worker's compensation insurance, employee health insurance, vision insurance, dental insurance, or other insurance, whether by pooling risks for coverage or for the purchase of coverage, or by the creation of or participation in insurance programs, subject to the following:

(A) School corporations that elect to pool property and casualty risks for insurance coverage are subject to regulation by the department of insurance as follows:

(i) The program must register with the department of insurance.

(ii) The program shall obtain both specific and aggregate levels of insurance issued by an insurer authorized to do business in Indiana, each with a retention level of an amount approved by the department of insurance.

(iii) Contributions by the school corporations must be set at a level approved by the department of insurance.

(iv) Each program shall submit an actuarial study of a type and nature approved by the department of insurance. The program shall pay the costs of the actuarial study. Each program shall fund one hundred percent (100%) of the actuarial study's projection for annual losses, plus the fixed costs of the program.

(v) The program is subject to IC 27-4-1-4.5 regarding claims settlement practices.

(vi) The program shall file an annual financial statement in the form required by the department of insurance not later than one hundred twenty (120) days after the end of the program's fiscal year.

(vii) The program is not covered by the Indiana insurance guaranty fund created under IC 27-6-8.

(viii) The program is subject to examination by the

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department of insurance. All costs associated with an examination shall be borne by the program.

(ix) The department of insurance may deny, suspend, or revoke the registration of a program if the commissioner finds that the program is in a hazardous financial condition, the program refuses to be examined or produce records for examination, or the program has failed to pay a final judgment rendered against the trust by a court within thirty (30) days.

(B) The department of insurance may adopt rules under IC 4-22-2 to implement this subdivision.

(2) Each school corporation, and more than one (1) school corporation acting jointly, may elect to aggregate purchases of natural gas commodity supply from any available natural gas commodity seller for all schools included in the aggregated purchases. A rate schedule that is:

(A) filed by a natural gas utility; and

(B) approved by the Indiana utility regulatory commission; must include provisions that allow a school corporation or school corporations acting jointly to elect to make aggregated purchases of natural gas commodity supply. Upon request from a school corporation, a natural gas utility shall summarize the rates and charges for providing services to each school in the school corporation on one (1) summary bill for remitting payment to the utility.

(3) Consolidating purchases with other school corporations or units of government of the following:

(A) School buses and other vehicles and vehicle fleets.

(B) Fuel, maintenance, or other services for vehicles or vehicle fleets.

(C) Food services.

(D) Facilities management services.

(E) Transportation management services.

(F) Textbooks, technology, and other school materials and supplies.

(G) Any other purchases a school corporation may require. Purchases may be made by contiguous school corporations, as part of regional consolidated purchasing arrangements, or from consolidated sources under multistate cooperative bidding arrangements.

Sec. 2. A school corporation may use shared services arrangements with other school corporations and units of

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government, including:

- (1) the use of shared administrative services overseeing transportation, food service, facilities, or other operations;
- (2) the use of shared administrative services to manage finance, payroll, human resources, information technology, purchasing, or other administrative services; and
- (3) the use of shared resources to provide instruction, supplemental services, extracurricular activities, or other student services.

School corporations are not required to merge schools, consolidate, or otherwise relinquish control of curriculum, instruction, or student activities to use shared services arrangements.

Sec. 3. A school corporation may collaborate with contiguous school corporations to explore the use of cooperatives among school corporations, commonly managed school corporations, or the consolidation of school corporations to provide effective and efficient management of the school corporations or functions of the school corporations.

Sec. 4. (a) Educational service centers established under IC 20-20-1 shall support and facilitate actions by school corporations under this article, including by the use of an educational service center's existing cooperative agreements.

(b) School corporations and educational service centers may use the division of finance of the department and the office of management and budget to provide technical assistance under this article.

(c) Not later than August 31 of each year, the educational service centers shall report to the state board the results of the efforts of the educational service centers under this article during the preceding school year.

Chapter 3. State Board Action

Sec. 1. The state board shall explore methods, including statewide purchases, to reduce the expense to school corporations for the purchase of the following:

- (1) Textbooks.
- (2) Technology.
- (3) School buses and other vehicles.
- (4) Other areas of expenses as determined by the state board.

Sec. 2. The state board, assisted by the educational service centers, the division of finance of the department, and the office of management and budget, shall survey annually the school corporations to determine actions taken by the school corporations

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to allocate resources to student instruction and learning. The state board shall issue an annual report of actions taken to:

- (1) each school corporation;
- (2) the public; and
- (3) the general assembly.

The report to the general assembly must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.

Sec. 3. Not later than November 1 of each year, the state board, assisted by the office of management and budget and school corporation officials, shall submit a report to the state superintendent, the governor, and the general assembly concerning the following:

- (1) Consolidated purchasing arrangements used by multiple school corporations, through educational services, and throughout Indiana.
- (2) Shared services arrangements used by multiple school corporations, through educational service centers, and in the state as a whole.
- (3) The efforts of school corporations to explore cooperatives, common management, or consolidations.

The report to the general assembly must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.

Sec. 4. (a) The state board, assisted by the office of management and budget, the division of finance of the department, and school corporation officials, shall analyze each school corporation's expenses for the 2004-2005 and 2005-2006 school years to determine how much each school corporation spent, from whatever source, directly or indirectly, on the following categories of expenditures:

- (1) Student academic achievement expenditures.
- (2) Student instructional support expenditures.
- (3) Overhead and operational expenditures.
- (4) Nonoperational expenditures.

The state board shall determine the types of expenses that are included in each category set forth in subdivisions (1) through (4). The sum of all expenditures under subdivisions (1) through (4) by a school corporation must equal the total amount of expenditures by the school corporation for the year being analyzed.

(b) The state board's analysis under subsection (a) may include relevant trend line data for school years before the 2004-2005

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school year.

(c) Not later than June 30, 2007, the state board shall report the results of the analysis under subsection (a) to the state superintendent, the governor, and the general assembly. The report to the general assembly must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.

Sec. 5. (a) Beginning with the 2006-2007 school year, and using the 2005-2006 school year as a baseline:

(1) the office of management and budget shall analyze and report to the state board, the governor, and the general assembly concerning the progress or lack of progress of each school corporation, all school corporations in each educational service center's area, and in the state as a whole in improving the ratio of student instructional expenditure to all other expenditures for the previous school year;

(2) the state board shall recognize publicly each school corporation and educational service center that has an improved ratio of student instructional expenditures to all other expenditures during the previous school year;

(3) the office of management and budget and the division of finance of the department shall be available to consult with and provide technical assistance to each school corporation that did not have an improved ratio of student instructional expenditures to all other expenditures during the previous school year; and

(4) each school corporation shall report to the public in the school corporation's annual performance report and to the members of the general assembly whose districts include the school corporation:

(A) the percentage of resources spent by the school corporation during the previous school year on each category of expenditures set forth in section 4 of this chapter and whether the school corporation met the goals established for the previous school year under section 6 of this chapter;

(B) the trend line for each category of expenditures set forth in section 4 of this chapter for the school corporation during the previous school year;

(C) whether the school corporation did or did not make progress in improving the ratio of student instructional expenditures to all other expenditures during the previous

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school year; and

(D) the goals established under section 6 of this chapter for the current school year.

(b) The reports to the general assembly under subdivision (a)(1) and to individual members of the general assembly under subdivision (a)(4) must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.

Sec. 6. (a) Beginning with the 2007-2008 school year, each governing body shall establish goals for each category of expenditures set forth in section 4 of this chapter that will increase the school corporation's allocation of taxpayer resources directly to student instruction and learning, in light of the unique circumstances present in the school corporation.

(b) The state board shall recognize and reward the school corporations that have met the goals described in subsection (a).

SECTION 4. [EFFECTIVE JULY 1, 2006] (a) The definitions in IC 20 apply to this SECTION.

(b) Not later than August 31, 2006:

(1) the department shall develop; and

(2) the state board shall review and may modify before approving;

a plan to upgrade the financial management, analysis, and reporting system for school corporations and schools.

(c) The plan developed under subsection (b) must:

(1) provide the use of generally accepted accounting principles based on the system of accounting used by school corporations and schools on June 30, 2006, and a unified income and expense statement and balance sheet;

(2) provide school corporations and schools the ability to track expenditures individually and according to the expenditure category under IC 21-10-3-4, as added by this act, the program under which the expense was incurred, and the school building where the expense was incurred;

(3) provide real time or other timely access to expenditures, and across functions, schools, and school corporations; and

(4) enable periodic and annual analysis and reporting to the leadership of a school, the superintendent and governing body of a school corporation, the general public, the department, the state board, the governor, and the general assembly.

(d) In developing the plan under subsection (b), the department, following approval by and under the direction of the state board,

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shall:

(1) use the assistance of the state board of accounts, the division of finance of the department, the division of technology of the department, the office of management and budget, and external consultants and advisers the state board determines are necessary;

(2) provide the opportunity for input from governing bodies, superintendents, and other interested parties;

(3) consider existing financial management, analysis, and reporting systems and technology in use in school corporations and in other states;

(4) take into account the need for training personnel in school corporations in the use of the system, including a plan for the department to work with the officials in each school corporation who are responsible for the management of the school corporation's finances, organizations, and other resources to create programs and curricula to develop the officials' financial management skills and abilities as well as train them in the use of the system; and

(5) identify any amendments to the Indiana Code that are necessary to implement specific provisions of the plan.

(e) Not later than October 1, 2006, the department and the state board shall submit the plan developed under subsection (b) to the governor and the general assembly. The report to the general assembly must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.

(f) This SECTION expires December 31, 2009.

SECTION 5. An emergency is declared for this act.

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Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Governor of the State of Indiana

Date: _____ Time: _____

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